



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



JENNIFER M. GRANHOLM  
GOVERNOR

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INTERIM SUPERINTENDENT  
OF PUBLIC INSTRUCTION

MEMORANDUM

TO: Local and Intermediate School District Directors of  
Special Education  
cc: Business Managers

FROM: Jacquelyn J. Thompson, Ph.D., Director  
Office of Special Education and  
Early Intervention Services

DATE: April 14, 2005

SUBJECT: Closing out the 2004-05 School Year Special Education Accounts and  
Funding Information for the 2005-06 School Year

**I. Closing off the 2004-05 School Year Special Education Accounts**

Last year all school districts were forwarded a copy of the special education allowable expenditures for state and federal funds for the 2004-05 school year. A copy of this document will be included with the 2004-05 Special Education Actual Cost Report. Districts are encouraged to review the information in this document prior to completing the Special Education Actual Cost Report (SE-4096) for the 2004-05 school year. We continue to have a number of districts that report ineligible supplies, equipment, and contracted costs. We would again remind you that the State School Aid Act limits reimbursement to special education programs and services. Contracted services for operation and maintenance, contracted professional services that are not specifically identified in the criteria, furniture and other equipment that is normally for K-12 pupils, and non-instructional supplies, such as stamps, are not reimbursable under state aid. Costs for split funded aides and secretaries continue to remain ineligible for reimbursement. **Also, costs for programs and services contracted from another Michigan public school district are not eligible for reimbursement under state aid.**

Continuing with the 2004-05 SE-4096 Special Education Actual Cost Report, districts will not be able to report instructional supplies under any of the administrative functions. These costs will have to be prorated to the appropriate program line. Non-instructional (i.e. administrative) supplies continue to be ineligible for reimbursement. This applies to line 33, *Supervision and Direction*, and line 34, *School Principal*, of the Special Education Actual Cost Report. Districts will

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be required to report non-mandated special education instructional aides by program assignment, not the disability category of the pupil. Line 1 of the SE-4096 has been titled "LRE Aides." This line should be used to report all individual pupil aides assigned by an IEP to work with a special education pupil in regular education, all Least Restrictive Environment (LRE) aides assigned to a building under the direction and supervision of a special education "LRE team." *Note: Pool aides continue to be reported on the physical education line and **transportation aides are reported on the SE-4094 Transportation Expenditure Report.***

Please be advised, districts are required to submit documentation to justify all journal entries, petty cash amounts and credit card charges that are charged against the SE-4096 Special Education Actual Cost Report and the SE-4094 Transportation Expenditure Report upon Departmental request. Please see the attached policy *Using Cash Equivalents to Account for State and Federal Special Education Expenditures.*

## **II. SE-4096 Special Education Actual Cost Report and Financial Information Database (FID)**

As a part of the Department's overall review of its data collection process and the accuracy of the data collected, preliminary comparisons between data reported on the SE-4096 Special Education Actual Cost Report and the Financial Information Database (FID) have begun. In many cases, it was discovered that special education instructional costs on the Special Education Actual Cost Report (SE-4096, lines 1-15) exceeded costs reported as General Fund Expenditures for Special Education-122 in the Financial Information Database (FID).

Department staff from the Office of Special Education and Early Intervention Services and from the Office of State Aid and School Finance will be working with districts during the filing of the 2004-05 data to reconcile these inconsistencies. It is important to realize that the SE-4096 and FID **do not have to equal each other**. The school district's FID should always exceed or equal the SE-4096. Districts will be required to report costs consistently between the two forms. Districts are reminded that the costs charged to the SE-4096 Special Education Actual Cost Report must be reported by appropriate fund, function and object codes as specified in the Bulletin 1022, School District Accounting Manual. Please note the appropriate function and object codes on the attached "Special Education Allowable Expenditures for State and Federal Funds."

## **III. Funding Information for the 2005-06 School Year**

### *Special Education and Transportation Allowable Costs*

Attached are revisions of the *Special Education Allowable Expenditures for State and Federal Funds for 2004-05 and 2005-06 School Year and Transportation Allowable Expenditures for 2004-05 and 2005-06*. These documents have been changed to include function and object codes for each approvable expenditure. Such codes align with Bulletin 1022, School District Accounting Manual. The function and object codes are also shown on the specific lines of the SE-4096 Special Education Actual Cost Report and SE-4094 Transportation Expenditure Report to help ensure the accurate reporting of expenditures.

For the special education allowable costs clarifications are also included for the reporting of inservice conference expenditures, as well as physician associated expenditures. Four policies affecting reimbursement are attached to the document. They relate to reimbursement of unemployment costs for special education personnel, use of special education funds for computers and related expenses, the use of federal funds under the Individuals with Disabilities Education Act to reimburse field trips and the documentation required for petty cash expenditures and journal entries.

#### *Section 51a(6) Application*

Districts that wish to apply for reimbursement for the net increase in necessary costs for implementing the July 1, 1987 rules under Section 51a(6) of the State School Aid Act must complete an application **by November 1, 2005**. The application is filed on form SE-4747. Copies are available upon request from the Finance Management Unit, Office of Special Education and Early Intervention Services.

#### *Approval of Individual Student Section 53 Costs*

Districts that enroll Section 53 pupils requiring special equipment or other special accommodations must have written prior approval from the Department of Education in order to receive 100 percent reimbursement. Requests for special equipment should be addressed in writing listing the Section 53 pupil's name, equipment needed, and reason for the equipment. Equipment that is normally available will not be funded under Section 53. These funds are restricted to new and additional equipment required for sole use of Section 53 pupils.

Districts wishing to receive reimbursement for an individual aide for a Section 53 pupil must complete a Section 53 Aide Request form. Please call (517) 241-4517 or request a form in writing to the Office of Special Education and Early Intervention Services, Finance Management Unit, P.O. Box 30008, Lansing, Michigan 48909. Upon receipt of the form, the Department will schedule an on-site review by a professional team. Funding determination will be based on the review team's recommendation. **Funding, if approved, will start from the date the written request is received.** Districts that anticipate a need for instructional or transportation aides assigned to an individual Section 53 student should submit a written request to the above address **by November 1, 2005**.

#### ***IV. IDEIA Federal Grant Information***

##### *Split Funded Personnel*

When employees are funded out of multiple sources, the distribution of their salaries to each funding source must be documented by personnel time and activity reports. Such time and activity reports must meet the following standards:

1. Must reflect an after the fact distribution of the employee's actual activity
2. Must account for the total activity of the employee
3. Must be prepared at least monthly, coincide with one or more pay periods and must be signed by the employee.

Employees who meet the following situations must complete time and activity reports:

1. Work on more than one Federal award
2. Work on a Federal award and a non-Federal award
3. Work on an indirect cost activity and a direct cost activity
4. Work on two or more indirect cost activities using different allocation basis
5. Work on an unallowable activity and a direct cost activity.

Refer to OMB Circular A-87, Attachment B. OMB Circular A-87 may be found at [www.whitehouse.gov/omb/circulars/a087](http://www.whitehouse.gov/omb/circulars/a087).

#### *Out-going Transfers*

Continuing for FY 2005-06 there will be a line on the budget, below the sub-total line, labeled, "Out-going transfers." The dissemination of funds from the ISD/RESA to local school districts will be reported on the ISD/RESA budget as "Out-going transfers." This means that the ISDs/RESAs are no longer allowed to include funds transferred to local school districts in the direct cost pool and to charge an indirect rate against these funds.

#### *Maintenance of Effort (MOE)*

During the 2005-06 year, the Office of Special Education and Early Intervention Services will be comparing state and local expenditures for the 2003-04 and 2004-05 years for all districts who expended Part B Flowthrough dollars during 2004-05. Any district expending Part B dollars in 2004-05 is subject to the maintenance of effort requirement found in 34 C.F.R. §300.231. Districts are encouraged to begin to review their 2004-05 expenditures prior to year end in an attempt to alleviate future maintenance of effort concerns.

An example of a prior years MOE Worksheet may be found on the web. Go to [www.michigan.gov](http://www.michigan.gov) choose "Programs and Offices", then choose "Special Education and Early Intervention Services", then choose "Memos" and "February 01".

#### *Individuals with Disabilities Education Improvement Act (IDEIA) of 2004 Grant Application for 2005-06*

All applications for IDEIA funds for ISDs/RESAs are due to the Department by July 1, 2005. Applications for State Agencies are due October 1, 2005. Applications submitted after either the July 1 or October 1 dates will be approved on the date they are submitted in MEGS. The MEGS submission date will be the official beginning date for the grant, including authorized expenditures. Expenditures incurred prior to the grant starting date are not allowable to be charged to the grant.

#### *Permissive Use of Funds under IDEIA*

Beginning in 2005-06, the IDEIA and current federal regulations will allow districts five options for completing federal grant applications under Permissive Use of Funds as described in the IDEIA. Attached to this memo is a description of each of the

options as well as a sample application for the option. Local districts, public school academies and intermediate school districts that operate special education programs or provide services may apply to use their allocated Part B Flowthrough dollars under one or more than one of these options for the 2005-06 year.

The five options include:

- Early Intervening Services (Attachment A)
- Activities under the Elementary and Secondary Education Act (ESEA) (Attachment A)
- School Based Improvement Planning (Attachment B)
- Coordinated Services System (Attachment C)
- Schoolwide Programs under Title I of the ESEA (Attachment D)

There are formulas for and cap requirements on the use of funds under each of the above options, which are described within each option. Furthermore the State School Aid Act restricts the total dollars available for all of the options to the district's allocation increase from 2002-03 to the current year. Districts choosing to expend funds under one or more of the above options should complete the attached *Calculation of the State Aid Cap on All Permissive Use of Funds Options Within Part B of IDEIA (Attachment E)*. NOTE: Each of these options have contingent obligations as described in the IDEIA. Data collection and reporting, as well as eligibility for such permissive use of funds are governed by statutory language. In addition, final federal regulations may further define the parameters for each of these options.

All of the application options above will be available with MEGS. Districts will need to complete a budget page for each of the options which will then be aggregated into the ISD/RESA Composite Budget. For further questions regarding any of the Permissive Use of Funds options please contact Mr. John Andrejack at (517) 373-2949.

Attachments

JJT:DE:lp

**MICHIGAN DEPARTMENT OF EDUCATION**  
**Office of Special Education and Early Intervention Services**  
**(Revised April, 2005)**

SUBJECT: Special Education Allowable Expenditures for State Funds for 2004-05 and 2005-06 and Federal Funds for the 2005-06 School Year

Sections 51a, 52, 53 of the State School Aid Act limit categorical reimbursement to costs approved by the Department of Education. Federal flowthrough funds for the Individuals with Disabilities Education Improvement Act (IDEIA) are appropriated in Section 51a of the State School Aid Act and are subject to the same funding criteria as state funded programs.

The following is a list of items approved to be included as direct costs on the SE-4096 Special Education Final Cost Report, IDEIA Federal Grant application, and Final Cost Report form DS-4044. This list also applies to on-grounds juvenile detention programs funded under Section 24 of the State School Aid Act. Items not on this list require prior Department written approval before being charged to the Federal grant or state aid.

**Districts are reminded that costs contracted from another Michigan public school district may not be reported on the SE-4096 and Section 24 budget and cost reports.**

**Account Codes**

Function <u>Code</u>	Object <u>Code</u>	[Program] <u>Code</u>
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122	<b>INSTRUCTION–SPECIAL EDUCATION CLASSROOMS SALARIES</b> (Column 3)	
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- |      |  |   |
|------|--|---|
| 1240 | Teacher costs must be reported using program codes:  |   |
|      | [110]  | Mild Cognitive Impairment (educable mentally impaired)      |
|      | [120]  | Moderate Cognitive Impairment (trainable mentally impaired) |
|      | [130]  | Severe Cognitive Impairment (severely mentally impaired)    |
|      | [140]  | Emotional Impairment  |
|      | [150]  | Learning Disability   |
|      | [160]  | Hearing Impairment  |
|      | [170]  | Visual Impairment   |
|      | [180]  | Physical and Other Health Impairment                        |
|      | [190]  | Severe Multiple Impairment                                  |
|      | [191]  | Early Childhood Developmental Delay (preprimary impaired)   |
|      | [192]  | Severe Language Impairment                                  |
|      | [193]  | Autistic Impairment   |
|      | [194]  | Resource Room   |
| 1620 | Secretary/clerical must work 100% of their employment in special education (state funds only)  |   |
| 1630 | Aide Salary (must work 100% of their employment in special education, report by program assignment) – Instructional aides must be reported under Function Code 122-Instruction (lines 1-15 on the SE-4096) |   |
| 1690 | Interpreter  |   |
| 1860 | Substitute or temporary aide   |   |
| 1870 | Substitute Teacher (substitutes for IDEIA professional development activities are reported under Function Code 221)  |   |
| 1880 | Substitute or temporary clerical   |   |

Function    Object  
Code      Code

122    **PURCHASED SERVICES**  
(Column 5)

- 3110 Contracted Instructional Services (**Public School Academies only**).  
Approved special education instructional staff must be reported using the program codes on page 1.
- 3130 Professional/Technical contracted audiological medical service, psychologist, or other student services (reported under appropriate function codes).
- 3190 Other Professional/Technical services for staff such as medical consultation not provided under employee benefits.
- 3210 Local Travel for staff traveling between buildings only.  
*Note: Inservice/Conference travel is recorded under Improvement of Instruction as Function Code 221, Object Code 3220.*
- 3610 Printing for instructional materials on a contracted basis.
- 4120 Instructional Equipment Repair and Maintenance is limited to instructional equipment (i.e., hearing aides) used 100% for special education. **This does not include repair or replacement costs for copy, fax, or other non-instructional machines.**
- 4220 Rental of special education instructional equipment; i.e., wheelchairs.  
**This does not include rental of copy, fax, or other non-instructional machines.**

**SUPPLIES**  
(Column 6)

- 5110 Teaching Supplies and Materials includes consumable items and equipment valued under \$1,000 for each piece for state funds and \$5,000 for federal funds. Only items used for pupil evaluation or instruction are reimbursable. Furniture and instructional equipment ordinarily available for regular education pupils are not reimbursable, including such items as desks, chairs, lockers, movie and overhead projectors. Objects of expenditure should be assigned on a direct charge basis to each program.
- 5210 Textbooks for exclusive special education use including braille and Talking Book expense.
- 5310 Library Books are limited to center programs in self-contained special education building and Special Education Learning Material Centers.
- 5410 Periodicals for special education pupil use only.

**CAPITAL OUTLAY**  
(Column 7)

- 6410 Capital Outlay refers to nonconsumable instructional equipment items costing \$1,000 or more (for each piece) for state aid and \$5,000 or more (for each piece) for federal grants. Furniture and instructional equipment ordinarily available for regular education pupils such as movie projectors and lab tables are not reimbursable. Computers used 100% in special education classrooms for instruction are reimbursable.

Function    Object  
Code      Code

122      **OTHER EXPENDITURES**  
(Column 8)

7410    Dues and Fees for special education personnel memberships in professional organizations related to special education, as well as, professional licenses for instructional and support personnel. Criminal background check fees for teachers are included here.

**EMPLOYEE BENEFITS FOR INSTRUCTIONAL STAFF ONLY**  
(Column 4)

2100    Insurance; i.e., individual health, dental, life, and other benefits in the 2100 series.

2400    Professional Services  
2410 – Physicals, Hepatitis B shots

2800    Retirement, Social Security, Medicaid, and other employee benefits included in the 2800 series.

Refer to Attachment A, “Reimbursement for Unemployment Costs for Special Education Personnel as well as Personnel Eligible for Funding under Section 24 of the State School Aid Act,” before Charging unemployment.

2920    Cash Payments in lieu of benefits in the 2100 series.

213      **HEALTH SERVICES**

1160    Supervision (must be at least half-time special education and for state funds only)

1410    Physician (when listed as an employee)–for diagnosis or evaluation services only

*Note: Services provided by a physician (other than for Diagnostic or evaluation purposes) are subject to the medical services exclusion and not reimbursable (Garret vs. U.S. Supreme Court, March 3, 1999).*

1450    Nurse (special education only)

1470    Physical Therapist

1480    Occupational Therapist

1490    Other Technical (Department approval required)

1620    Secretary/clerical must work 100% of their employment in special education (state funds only)

1630    Aides (must work 100% of their employment in special education, includes **health care aides serving the OT, PT and Nurse**)

1860    Substitute or temporary aide

1880    Substitute or temporary clerical

3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

Function    Object  
Code      Code

214    **PSYCHOLOGICAL SERVICES**

- 1430    Psychologist/psychiatrist
- 1620    Secretarial/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1860    Substitute or temporary aide
- 1880    Substitute or temporary clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

215    **SPEECH PATHOLOGY AND AUDIOLOGY**

- 1280    Speech and Language Therapist
- 1490    Audiologist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Teacher for speech audiology
- 1860    Substitute or temporary aide
- 1880    Substitute or temporary clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

216    **SOCIAL WORK SERVICES**

- 1440    Social Work
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Social Worker
- 1880    Substitute or temporary clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

217    **VISUAL AID SERVICES**

- 1270    Visual handicapped media specialist
- 1290    Orientation and Mobility Specialist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Aide (must work 100% in special education)
- 1860    Substitute or temporary aide
- 1880    Substitute or temporary clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

Function    Object  
Code      Code

218      **SPECIAL EDUCATION TEACHER CONSULTANT AND PREPRIMARY SERVICES**

- 1250    Instructional Consultation including special education teacher consultants and nonclassroom preprimary staff – This line is for personnel functioning as a teacher consultant only. Personnel functioning as classroom teachers and teacher consultants are reported as instructional personnel (contact the Department for reporting requirements).
- 1620    Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630    Aides (must work 100% of their employment in special education) for PPI services only
- 1820    Substitute Teacher Consultant
- 1860    Substitute or temporary aide
- 1880    Substitute or temporary clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

219      **OTHER PUPIL SERVICES**

This includes Music Therapist, Recreation Therapist, Teachers of Homebound/Hospitalized and Other Professional Personnel who qualify under R340.1792 and are not included elsewhere.

- 1490    Other Professional
- 1620    Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630    Aides (must work 100% in special education)
- 1860    Substitute or temporary aide
- 1880    Substitute or temporary clerical
- 1890    Substitute Homebound/Hospitalized
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

221      **IMPROVEMENT OF INSTRUCTION**

- 1870    Substitute Teachers (IDEIA professional development activities only)
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

226      **SUPERVISION AND DIRECTION OF INSTRUCTIONAL STAFF  
State Funds Only**

- 1120    Assistant Superintendent/Director of Special Education with the title of Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.
- 1160    Supervisors (must be at least half-time and state funds only)
- 1170    Director of Special Education who is not an Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.

<u>Function Code</u>	<u>Object Code</u>	
226	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1880	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000 Series,	refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
231	<b>BOARD OF EDUCATION (Purchased Services Only)</b>	
	3170	Hearing Officer and Mediation Fees. Hearing officer fees when an attorney is a hearing officer as required by special education rules. <i>Note: School attorney fees for hearings are not allowable.</i>
	3180	Federal audit expenses. Chargeable to the appropriate <b>federal grant</b> only provided there is a bill showing actual audit costs. <b><i>Not allowed for state aid.</i></b>
	3190	Professional technical. Hearing officer and mediation fees if an attorney is not used. Court recorders for hearing cost are included here.
241	<b>OFFICE OF SCHOOL PRINCIPAL State Funds Only</b>	
	1160	Special education supervisors acting as principals where the school building is <b>used solely for special education purposes –state funds only.</b>
	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1880	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000 Series,	refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
	7000 – Series,	refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
261	<b>DIRECT OPERATION AND MAINTENANCE State Funds and State Discretionary Projects Only</b>	
	<p>Limited to facilities used solely for special education where the direct cost method is used. If a district chooses to use this method, the district must include a description of how the direct operation and maintenance is calculated. The district may not charge indirect costs for any special education supportive or related service housed in a facility for which direct operation and maintenance is charged. A description must accompany the SE-4096 and include: (a) a list of all special education programs, support services, and related service personnel housed in the facility; (b) the salary and related costs for each; and (c) the procedure used to deduct these costs from the indirect cost claimed by line item.</p>	

Function    Object  
Code        Code

261    Special procedures and examples are available from the Office of Special Education and Early Intervention Services upon request. The combination of direct and indirect totals cannot exceed the limit established in the State School Aid Act which is presently 15 percent.

- 1550    Crafts and Trades
- 1620    Other Operation and Services. This is limited to switchboard operator or receptionist in a facility used exclusively for special education.
- 1640    Custodian
- 1670    Laborer
- 2000    Employee Benefits (same as for teachers, see page 3)
- 3000    Purchased Services
- 3800    Utilities
- 3900    Insurance
- 4100    Repair and Maintenance Services
- 4200    Rentals
- 5900    Supplies and Materials for Operation and Maintenance

271    **PUPIL TRANSPORTATION**

This code is used to report costs for federally funded field trips and Department approved Section 53 transportation. Refer to Attachment C, "Use of Federal Funds Under the Individuals with Disabilities Education Act to Reimburse Field Trips."

Section 53 transportation expenditures are carried forward from the SE-4094 Transportation Expenditure Report to this line.

281    **PLANNING, RESEARCH, DEVELOPMENT AND EVALUATION**  
(Line 35)

Costs limited to those 100% attributable to special education programs and services.

- 1180    Special education approved personnel functioning as planner/monitors, child find coordinators, or compliance personnel.
- 1620    Secretary/clerical working 100% of their employment in special education (state funds only)
- 1880    Temporary clerical (state funds only) must work 100% of their employment in special education.
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported).

Function <u>Code</u>	Object <u>Code</u>
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284     **SUPPORT SERVICES TECHNOLOGY**  
**For ISD Central Registry Use Only**  
(Line 35)

Data processing costs related to instructional materials are reported under instructional function. If the districts operate their own computer program, an auditable method of billing must be used. Reimbursement is limited to operational costs and may not include purchase or replacement of equipment in the service cost. Refer to Attachment B for more detail.

- 1510    Data Processing Personnel (one secretary/clerical may be federally funded for the central registry at the ISD only)
- 3160    Contract data processing services for central registry only from a nonschool entity. Costs cannot include programming charges or overhead costs. They are limited to machine time, keypunch and supplies. Refer to Attachment B, "Use of Special Education Funds for Computers and Related Expenses."

299     **OTHER SUPPORT SERVICES**

- 4910    Other Purchased Services - room and board for special education students.

**EMPLOYEE BENEFITS FOR SUPPORT SERVICE PERSONNEL ONLY**  
(Column 2)

- 2100    Insurance of individual health, dental, life, etc.
- 2400    Professional Services
  - 2410 – Physicals, Hepatitis B shots
- 2800    Retirement, Social Security, Medicaid, and other benefits included in the 2800 series.

Before charging unemployment, please refer to Attachment A.

- 2920    Cash Payments in lieu of benefits in the 2100 series.

331     **COMMUNITY ACTIVITIES**

- 3220    Travel Expenses for Special Education Parent Advisory Committee members.

421     **PAYMENTS TO OTHER GOVERNMENT UNITS OUTSIDE THE STATE**

- 8310    Tuition for pupils attending public school in another state. This is restricted to either districts that border another state or placements approved under the November 14, 1989 State Board Policy, "Application and Procedure for State Board of Education Authorization for Public Education Agency Placement of a Handicapped Pupil in a Private School."

Function    Object  
Code      Code

431    **PAYMENTS TO THE STATE SCHOOLS FOR DEAF AND BLIND  
Intermediate School Districts (ISD) Only**

3710    Tuition for the Michigan Schools for the Deaf and Blind may  
be charged to either state or federal funds.

441    **PAYMENTS TO OTHER GOVERNMENTAL ENTITIES**

8910    Transfers to the Michigan Department of Career Development,  
Rehabilitation Services (MDCD-RS), related to a cooperative  
agreement that assures the district receives special education  
services at least equal to the amount transferred to MDCD-RS,  
are eligible. **Report these costs on line 40, column 8.**

8910    Transfers to the Department of Community Health, the Family  
Independence Agency or other governmental units for cooperative  
services, are not reimbursable. Section 51a limits reimbursement  
to “approved special education personnel.”

**Technical Assistance**

Direct any questions to the Finance Management Unit at the following address and telephone numbers:

Michigan Department of Education  
Office of Special Education and Early Intervention Services  
Finance Management Unit  
P.O. Box 30008  
Lansing, Michigan 48909

Telephone: (517) 373-6309 (regarding federal funds)  
(517) 241-4517 (regarding state funds)

**MICHIGAN DEPARTMENT OF EDUCATION**  
**Office of Special Education and Early Intervention Services**  
**(Revised April, 2005)**

**SUBJECT:** Reimbursement for Unemployment Costs for Special Education Personnel as well as Personnel Eligible for Funding under Section 24 of the State School Aid Act

School districts may claim unemployment insurance costs as a fringe benefit to the extent that the costs are incurred by special education personnel or personnel assigned to Section 24 programs.

The following criteria were originally established in 1981 and continue to apply to charging the costs of unemployment to special education programs or programs funded under Section 24 of the State School Aid Act.

1. Reimbursement of unemployment for federal programs is governed by the Educational Division General Administrative Rules (EDGAR) published by the U.S. Government Printing Office. Charges for unemployment for state funded programs are governed by the Michigan Department of Education's *Accounting Manual* and criteria established by the Office of Special Education and Early Intervention Services in the directions for the SE-4096 Special Education Final Cost Report. Consistent with these documents, unemployment costs may be charged to the related state or federal program once the liability is known.

There are two plans to cover the disbursement for unemployment costs—the contributing plan and the reimbursement plan. In the contributing plan, the district has a liability when the quarterly premium payment is due. Under the reimbursement plan, the liability is known when the school receives notice that a payment has been made to the unemployed individual even though the district is not billed until a subsequent fiscal year.

2. In order for Section 24 and/or special education programs to cover unemployment charges, the unemployment must be a direct result of a reduction in a program. If for example, an employee of a federal program is bumped by a non-federal employee currently assigned to a locally funded program, the liability for unemployment would be the responsibility of the school district and not the federal program. In such case, the unemployment was caused by a cutback in a locally funded program rather than by a reduction in a federal program.
3. Where activities have been funded jointly by two or more programs, the unemployment costs should be shared between the programs that were originally responsible for the employee. For example, a school district who uses the reimbursement plan to fund their unemployment lays off a staff person who works half time in special education and half time in regular education. The unemployment claim must be divided proportionately between the two programs based on the amount of time the teacher was assigned to each of the programs during the school year for which they were last employed.

4. Federal programs operate under various terms of approval; i.e., one year, three years, etc. Unemployment costs as the result of termination of a program are the liability of the district. In anticipation of this problem, some school districts have proposed setting up a reserve or contingency. The EDGAR regulations specifically forbid contributions to a reserve or contingency for unforeseen events. A district that is currently paying unemployment by the rate method would be covered upon program termination. However, a district cannot charge the rate method for one program and the actual method for another. The method elected must be used for all programs.

Where activities have been funded jointly, such as in the Individuals with Disabilities Education Improvement Act (IDEIA) flowthrough grant and State Aid Section 52, and the federal portion is terminated, it would be appropriate to charge the cost of unemployment to the State Aid Section 52 if the activities of that program were not terminated.

**MICHIGAN DEPARTMENT OF EDUCATION  
Office of Special Education and Early Intervention Services  
(Revised April, 2005)**

SUBJECT: Use of Special Education Funds for Computers and Related Expenses

State and federal funds may be used to purchase computers that are used 100 percent for special education purposes. The computers can be used for instruction, instructional support, central registry, individualized education programs, or other related functions.

School districts may use state and federal funds for software, computer supplies, and service contracts for computers that are used for instruction or instructional support personnel. Subscription fees for classroom Internet Services are also reimbursable.

State or federal funds **may not** be used to reimburse computers that are not used 100 percent for special education purposes. This includes mainframe computers and other data processing equipment that is used for general purposes of the school district. Where the general purpose computer is used to generate special education instructional materials or to provide the intermediate district central registry, the computer department may bill the special education department on an actual time usage basis, as has been the practice in the past. If, for example, the intermediate district uses data center personnel to maintain the central registry, the data center may bill special education for the actual time its personnel used for data entry, as well as, billing the amount of computer time it took to run the central registry. **Computers used for special education administrative and clerical support are not reimbursable with state funds or federal funds.**

Questions regarding purchase of computers or related expenses with special education funds can be directed to the Finance Management Unit, Office of Special Education and Early Intervention Services, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan 48909. The telephone number is (517) 373-6309.

**MICHIGAN DEPARTMENT OF EDUCATION  
Office of Special Education and Early Intervention Services  
(Revised April, 2005)**

**SUBJECT:** Use of Federal Funds Under Individuals With Disabilities Education Improvement Act (IDEIA) to Reimburse Field Trips

Changes in the State School Aid Act starting with the 1989-90 school year allows school districts to charge field trips for special education pupils to the above grants. School districts are not allowed to charge transportation costs to special education which were normally reimbursed under Section 58 of the State School Aid Act. Such a transfer of charges would be considered supplantation under federal regulations.

Districts are responsible for identifying transportation costs pertaining to mandatory events or events where attendance is related to the achievement of academic credit. Costs for these activities are reported on the Transportation Expenditure Report (SE-4094). Furthermore, activities that relate to community-based instruction, which are part of a student's curriculum, are recorded as a transportation cost on the SE-4094 and may not be included as a charge against special education grants.

**Field Trip Defined**

Field trips are nonmandated and noncredit events, which are considered extra-curricular or co-curricular activities. Instructional activities that are scheduled away from school on a regular basis are not field trips. Examples are as follows:

*Example 1:* Special education students are scheduled three mornings a week at a community-based instruction site. Since this is a regular scheduled activity which is part of the special education curriculum for these pupils, it is charged as a transportation cost under Section 58 of the State School Aid Act. These costs for transportation may not be charged to a special education grant.

*Example 2:* A special education class travels to a local civic center to see a dance troupe perform. Since this is not a regularly scheduled part of the curriculum, the costs may be charged to the special education grant as a field trip.

Questions relating to reimbursement of field trips with the IDEIA grant should be referred to the Finance Management Unit, Office of Special Education and Early Intervention Services, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan 48909. The telephone number is (517) 373-6309.

Michigan Department of Education  
Office of Special Education and Early Intervention Services

## **USING CASH EQUIVALENTS TO ACCOUNT FOR STATE AND FEDERAL SPECIAL EDUCATION EXPENDITURES**

A “cash equivalent” is defined as something that represents currency. It includes checks, credit cards, debit cards, and other intermediary methods of payment.

### *Revenues*

Cash equivalents are recorded as revenues when they are received by the school. If, for example, a school district receives payment by check or credit card, they will record the payment on the date the check was received or the credit card slip was signed.

### *Expenditures*

Expenditures that are paid by check are recorded the date the check is issued. Expenditures that are paid by credit cards are recorded as an encumbrance on the date the item is signed for but the actual payment does not take place and an expenditure is not recorded until the school district issues a check to the bank or credit card company to pay off this liability. School districts that are using credit cards to purchase items related to federal grants are subject to the Federal Cash Management Act and the Code of Federal Regulations dealing with the receipt and distribution of federal education grant funds. These regulations prohibit school districts from drawing down federal dollars prior to the time they are actually needed to cover costs related to the grants. School districts are allowed to ask for money in advance to the extent that the money would be received in time to make the actual payment. Since most credit cards have a 30-day turnaround time, school districts can request the money when they receive their credit card bill on the assumption that the money will be received and the bill will be paid within the 30-day period. If school districts generate a charge for using cash equivalent, such as a late payment charge on a credit card, it is the district’s responsibility to make these payments. These are not legitimate expenses to the federal grant since they are related to the district’s cash flow practices and are not a direct expense associated with the grant.

### *Documentation Requirements*

When school districts purchase items, they generally receive a bill of sale, an invoice, or other written evidence showing the item, the date of purchase, and the price of purchase. If items are purchased out of petty case, it is the district’s responsibility to develop a paper trail with would identify what the item is, such as a store, cash register receipt, etc. These receipts must be appropriately coded and filed and become the evidence that the school district provides to their

certified public accountant in completing the single audit as well as state and federal auditors in justifying expenditures related to state aid or a federal grant.

A cancelled check or a petty cash disbursement receipt is not acceptable evidence of a grant expenditure unless they contain the specific information needed to show that the purchase was directly related to the grant; i.e., a listing of individual items purchased, the purchase price of each item, and evidence that items were appropriately coded to the proper state and/or federal accounting category.

#### *Suggestions to Improve Internal Control*

School districts that are issuing credit cards may wish to consider setting up special credit card accounts for persons that are on a single funded federal grant so that all the expenditures from that credit card account can be easily associated with the grant. This will save the business office from having to go through credit card bills to determine which items are paid out of which accounts.

Appropriate approval paths must be in place for credit card transactions. Staff must not be able to circumvent purchasing controls by using credit cards.

#### *Summary*

Business offices should ensure they have set up appropriate controls when using cash equivalent. They must ensure that appropriate invoices are available for all expenditures that are paid for using check, credit cards, or other cash equivalent. They must ensure appropriate accounting procedures are used when cash equivalent is being used to pay bills for multi-accounts, the same as they have done in the past when using checks for making similar types of payments.

Finally the school district is responsible to maintain a copy of the source document (invoice, receipt, etc.) for audit purposes. The source document must identify the item(s) that was purchased, date of purchase, and the amount of expenditure for each item charged against state aid or a federal grant.

## TRANSPORTATION ALLOWABLE EXPENDITURES for 2004-05 and 2005-06

The following is a list of items approved to be included as direct costs on the SE-4094 Transportation Expenditure Report. A district must have prior written approval from the Office of Special Education and Early Intervention Services, Michigan Department of Education, to charge costs not included on this list. **Services purchased from another Michigan public school district or intermediate school district are not eligible to be included in this report.**

### Account Codes

#### *Function Object*

#### 1000 – Salaries

1160 – Supervisor – salary paid for performing duties as a supervisor, not to include the salary of the superintendent acting as supervisor of transportation

1170 – Program/Department Direction

1610 – Bus driver

#### 1000 – Salaries Support

1550 – Mechanic (other operation/service) – involved in working on and maintaining vehicles involved in transporting pupils to and from school and school related events

1620 – Secretary, clerical, dispatcher

1630 – Aides – bus attendants on vehicles transporting pupils to and from school, not to include bus loading aides

1640 – Custodial/Maintenance as garage employees

1660 – Security guards as garage employees

1670 – Garage employees

1860 – Substitute bus driver, secretary, mechanic

#### 2000 – Employee Benefits (note: all other 2000 series are not eligible)

2100 – Insurance; to include individual life, disability, health, dental, vision, etc.

2410 – Physicals for bus drivers

2800 – Retirement, social security, medicaid and other employee benefits in the 2800 series

2920 – Cash Payments in lieu of benefits in the 2100 series

- 3000-4000– Purchased Services – Vehicle Related Costs (a written agreement or contract should be in effect between the district and vendor for the provision of all purchased services). **Do not include services purchased from another Michigan public school district.**
- 3190 – Contracted mechanic or garage employee (Line 18)
- 3310 – Common Carrier – (contract carrier) – amount paid to an organization offering its services to the general public to provide motor vehicle transportation of pupils for compensation over irregular routes. Include payments to public transit agencies (authorities), private third party vendors or taxi cab companies for pupil transportation services. Vehicles used are “non-black and yellow” vehicles.
- 3320 – Paid to Pupils – payment to a pupil providing his or her own transportation to and from an instructional program site. Also includes the cost of passes for pupils to ride public transit buses. Do not include payments to and from a school related event.
- 3330 – Private Auto – payment to an individual, other than a pupil, to provide pupil transportation services to and from an instructional site. Do not include payments to or from a school related event.
- 3930 – Fleet Insurance – amount paid for pupil transportation fleet insurance for vehicles used to transport pupils to school and school related events. Prorate premiums for vehicles not used exclusively by the transportation department. Report insurance for eligible vehicles as listed on the SE-4107 School Bus Inventory.
- 4130 – Vehicle Maintenance and Repair – cost of maintenance and repair of pupil transportation vehicles at a private garage or body shop. Also includes bus lettering by a contractor.
- 4220 – Equipment Leasing – leasing of two-way radios used pupil transportation vehicles, bus garage alarm system, xerox copier (prorated for transportation costs).
- 4230 – Rental of Buses – not to include maintenance, repairs, gasoline, oil, insurance, etc. All contracted black and yellow buses must be listed on the SE-4107 School Bus Inventory to be eligible to report costs.
- 3000-4000– Non-Vehicle Related Costs (a written agreement or contracts should be in effect between the district and vendor for the provision of all purchased services). **Do not include services purchased from another Michigan public school district.**
- 3130 – Aides – bus attendants on vehicles transporting pupils to and from school, **not** to include bus loading aides (Line 11)
- 3160 – Data Processing – for routing approved by the ISD (Line 11)
- 3190 – Contracted secretarial, clerical or dispatcher (Line 11)
- 3210 – Local Travel – mileage costs for supervisors, mechanics, drivers and clericals in performance of their duties or for instructional purposes (Line 8)

- 3220 – Workshops/Conferences – inservice training or conferences to assist staff in performing duties more efficiently (i.e.; MAPT or NAPT conferences). Also includes meals, tuition for training programs and meals of bus drivers while on field trips. (Line 8)
- 3410 – Telephone – amount paid exclusively for the pupil transportation department’s telephone service. Do not prorate the district’s total telephone costs to this line. (Line 9)
- 3430 – Postage – amount paid for the pupil transportation department’s postage (Line 9)
- 3510 – Advertising – recruitment advertisements for the pupil transportation staff (Line 11)
- 3610 – Maps – printing, binding and computer generated (Line 11)
- 3830 – Water/Sewage – amount paid exclusively for the transportation department’s waste and trash disposal. Do not prorate the district’s total water/sewage costs to this line. (Line 10)
- 3840 – Waste/Trash Disposal – amount paid exclusively for the transportation department’s waste and trash disposal. Do not prorate the district’s total waste and trash disposal costs to this line. (Line 10)
- 3890 – Electricity – amount paid exclusively for the transportation department’s electricity. Do not prorate the district’s total electricity costs to this line. (Line 10)
- 4110 – Building Repairs – include repairs to the garage and to the bus parking lots. Do not include improvements or additions to the garage building or parking lots. (Line 11)
- 4120 – Equipment Repairs – include repairs for gas pumps, water pumps, the servicing of time clocks, furnace repair or replacing the garage door (Line 11)
- 4290 – Rental of inservice films (Line 11)
- 4910 – Other purchased services to include snow plowing of the bus parking lot, washing and cleaning of buses by private contractors, laundry charges for mechanic uniforms, shop towels, and pest control for garage or buses (Line 11)
- 5000 – Supplies/Materials
  - 5500 – Heating Fuel – amount paid exclusively for the transportation department's heating fuel. Do not prorate the district's total heating costs to this line. (Line 10)
  - 5710 – Gasoline/Oil/Grease – used only for pupil transportation fleet vehicles (Line 20/21)
  - 5720 – Tires/Tubes/Batteries – expenditures in the maintenance of only pupil transportation fleet vehicles (Line 22)

5730 – Vehicle Repair Parts – parts used in the maintenance of only pupil transportation vehicles (Line 23)

5790 – Other Supplies – such as anti-freeze, deicers, cleaning materials for buses, custodial supplies, electrical cords, fire extinguishers, first aid supplies, repair parts for garage equipment, signal flags, small tools, etc. (Line 23)

5910 – Office Supplies – used only to support the operation of the pupil transportation office functions (Line 24)

7000 – Other Expense

7410 – Expenditures to include tickets for ferries, toll road fees, drivers licenses, license fees to operate two-way radios, gasoline credit card fees, exam fee, bus driver awards, driver safety programs. (Line 26)

April, 2005  
Dianne Easterling  
(517) 241-4517

**Application to Use IDEIA Flowthrough Funds for  
Early Intervening Services for FY 2005-2006**

Intermediate School District: \_\_\_\_\_

Local School District/Public School Academy: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

The IDEIA of 2004 created two more permissive funding options for use of flowthrough fund by LEAS:

**§613(a)(2)(C)(i)(ii)** – For any fiscal year for which the allocation received by a local educational agency under section 611(f) exceeds the amount the local education agency received for the previous fiscal year, the local educational agency may reduce the level of expenditures otherwise required by subparagraph (A)(iii) by not more than 50% of the amount of such excess.

...the agency shall use **an amount equal** to the reduction in expenditures under clause (i) to carry out activities under the Elementary and Secondary Education Act of 1965.

EXAMPLE:

	Year 1	Year 2
State and Local Funds for Special Education	\$300,000	\$290,000
IDEIA Funds	<u>\$100,000</u>	<u>\$120,000</u>
	\$400,000	\$410,000

IDEIA funds increased by \$20,000 in Year 2. Up to half (50%) is considered as local funds, or \$10,000 which allowed the district to reduce its State and local funds by \$10,000. The district provided \$10,000 to carry out activities under the Elementary and Secondary Education Act of 1965. When the district did this, \$10,000 of Part B flowthrough funds became local funds. The requirement is that the agency shall use **an amount equal** to the reduction in expenditures under clause (i) to carry out activities under the Elementary and Secondary Education Act of 1965.

No application procedure is required. An LEA may provide a simple assurance statement that the agency used an amount equal to the reduction in expenditures under clause (i) to carry out activities under the Elementary and Secondary Education Act of 1965. This assurance statement will be included in the general assurance statements completed for the ISD Flowthrough application.

**§613(f) Early Intervening Services** – An LEA may not use more than 15% of the amount such agency receives under this part for any fiscal year, less any amount reduced by the agency pursuant to subsection (a)(2)(C), if

any... to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade 3) who have not been identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general education environment.

**Special Rule** – The amount of funds expended by a local educational agency under subsection (f) (15%) shall count toward the maximum amount of expenditures such local educational agency may reduce under clause (i) (50%). The effect of the special rule is that every dollar allocated for early intervening services reduces the amount available for ESEA activities.

**Districts are advised to use allocations under clause (i) to reduce state and local effort before utilizing the option to support early intervening services.**

In this first year of the IDEIA implementation (2005-2006), and prior to further clarification that may become apparent in new federal regulations, Michigan is making these options available to LEAs under the following conditions:

- **An LEA may choose to utilize either the option under §613(a)(2)(C)(i)(ii) or the option under §613(f), but not both. (Rationale: Maintenance of Effort may be affected and districts may seek to retroactively recalculate their percentages; projected expenditure levels may be different than actual expenditures).**
- **Because the percentages (15% and 50%) are calculated annually, Federal flowthrough funds may be used for these purposes only in the first year of receipt by the LEA. Any federal funds carried over to the next year must be spent under traditional Part B guidelines, not under the permissive use of funds provisions.**

### **Cap in the State School Aid Act**

There is a cap on all of the permissive use of funds options chosen by an LEA found in the State School Aid Act. This includes the three other options described in the 1999 federal regulations at §300.234 – Schoolwide Programs under Title I of the ESEA, §300.244 – Coordinated Service Systems, and §300.245-300.250 - School-based Improvement Plan. These three options have their own funding restrictions. They are not bound by the 50% and 15% caps. Within all five options, an LEA may not exceed a dollar amount which is the cumulative increase in flowthrough allocations (not expenditures) since fiscal year 2002 2003.



**Application to Use IDEIA Flowthrough Funds for School-Based Improvement Planning for FY 2005-2006**

Intermediate School District: \_\_\_\_\_

Local School District/Public School Academy: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

The regulations implementing the Individuals with Disabilities Education Act provide that Local Education Agencies (LEAs, meaning local school districts or public school academies) may use funds available through Part B of the Act to permit a public school (school building), within the jurisdiction of the LEA, to design, implement and evaluate a School-Based Improvement Plan for a period of time not to exceed three years.

Year One – Design

Year Two – Implementation

Year Three – Evaluation and Continued Implementation

If a school within the jurisdiction of the LEA meets the applicable requirements at the expiration of the three-year approval period, the LEA may approve a School-Based Improvement Plan for an additional three-year period.

**School-Based Improvement Planning Requirements:**

1. The School-Based Improvement Plan must be aligned with ongoing LEA and school initiatives for school improvement.
2. The School-Based Improvement Plan must be designed, evaluated and, as appropriate, implemented by a school-based standing panel established in accordance with the requirements herein.
3. The School-Based Improvement Plan must include goals and measurable indicators to assess the progress of the public school in meeting the goals.
4. The School-Based Improvement Plan must be designed to improve educational and/or transitional results for students with disabilities and may include other students (who attend the school for which the plan is designed and implemented) as follows:

Special education and related services (including supplementary aids and services) are provided in a regular class (or other education-related setting) to a student with a disability (in accordance with the IEP of the student) even if one or more students without disabilities benefit from these services.

*Scenario:*

Special reading instruction provided to a small group of students in the regular classroom as long as some of the students are students with disabilities and the instruction is focused on IEP goals and objectives.

### **Cap in the State School Aid Act**

There is a cap on all of the permissive use of funds options chosen by an LEA found in the State School Aid Act. This includes the three other options described in the 1999 federal regulations at §300.234 – Schoolwide Programs under Title I of the ESEA, §300.244 – Coordinated Service Systems, and §300.245-300.250 - School-based Improvement Plan. These three options have their own funding restrictions. They are not bound by the 50% and 15% caps. Within all five options, an LEA may not exceed a dollar amount which is the cumulative increase in flowthrough allocations (not expenditures) since fiscal year 2002 2003.

**Initial Activities:** The LEA assures that the following activities will be completed within the first 180 days upon grant approval by the Department:

1. Identify the criteria and procedure used by the LEA to select the school (or schools) that is (are) eligible to design, implement, and evaluate a school-based improvement plan.
2. Identify the criteria used by the LEA to establish a school-based improvement standing panel that ensures that the membership of the panel reflects the diversity of the community in which the public school is located and includes, at a minimum:
  - (i) Parents of students with disabilities who attend a public school, including parents of children with disabilities from unserved and underserved populations, as appropriate;
  - (ii) Special education and general education teachers of public schools;
  - (iii) Special education and general education administrators, or the designee of those administrators, of those public schools; and
  - (iv) Related services providers who are responsible for providing services to students with disabilities who attend those schools.

3. Disseminate the criteria established in (1) and (2) above to local school district personnel and local parent organizations within the jurisdiction of the LEA.
4. Require a public school that desires to design, implement, and evaluate a school-based improvement plan to submit an application at the time, in the manner and accompanied by the information that the LEA shall reasonably require.
5. Establish procedures for approval by the LEA of a school-based improvement plan designed under Part B of the Act.
6. Complete a Flowthrough Program Design form detailing the activities 1-5 and evaluating and reporting progress on objectives.
7. Submit a one-year budget, which includes both the cost of completing the initial activities above and the cost of supporting the design of school-based improvement planning by a specified number of school buildings in FY 2005-2006.

**ASSURANCES:**

The LEA assures all of the following:

1. The LEA accepts sole responsibility for the oversight of all activities relating to the design, implementation, and evaluation of the school-based improvement plan developed with the use of these funds.
2. The school-based improvement plan design and implementation will improve educational and transitional results for all students with disabilities and, as appropriate, for other students who attend the school for which the plan is designed and implemented and will meet all plan requirements (as note above).
3. The school-based improvement plan will include goals and measurable indicators to assess the progress of the public school in meeting the goals.
4. All students with disabilities will continue to receive services described in their IEPs.
5. Parents of students with disabilities will be involved in the design, evaluation, and, if appropriate, the implementation of the school-based improvement plan.

6. The LEA will approve the school-based improvement plan only if it is consistent with the policies, procedures, and practices established by the LEA.
7. The LEA will approve the school-based improvement plan only if a majority of the parents of students with disabilities who are members of the school-based standing panel, and a majority of other members of the school-based standing panel that designed the plan agree in writing to the plan.
8. The school-based improvement plan submitted to the LEA for approval will represent a consensus, with respect to any matter relating to the design, implementation, or evaluation of the goals of the plan, reached by the school-based standing panel that designed the plan.

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Signature of the Superintendent/ Chief Executive Officer

Date

**Application to use IDEIA Flowthrough Funds for a Coordinated Services System for FY 2005-2006**

Intermediate School District: \_\_\_\_\_

Local School District/Public School Academy: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

The regulations implementing the Individuals with Disabilities Education Act provide that Local Education Agencies (LEAs, meaning local school districts or public school academies) may use not more than five percent (5%) of the amount the LEA receives under Part B of the Act for any fiscal year, in combination with other amounts (which must include amounts other than education funds), to develop and implement a coordinated services system designed to improve results for children and families, including children with disabilities and their families.

**ACTIVITIES:**

In implementing a coordinated services system, an LEA may carry out activities that include:

- (1) Improving the effectiveness and efficiency of service delivery, including developing strategies that promote accountability for results;
- (2) Service coordination and case management that facilitates linkage of IEPs under Part B of the Act and IFSPs under Part C of the Act with individualized service plans under multiple Federal and State programs, such as Title I of the Rehabilitation Act of 1973 (vocational rehabilitation), title XIX of the Social Security Act (Medicaid), and Title XVI of the Social Security Act (supplemental security income);
- (3) Developing and implementing interagency financing strategies for the provision of education, health, mental health, social services, including transition services and related services under the Act; and
- (4) Interagency personnel development for individuals working on coordinated services.

Listed below are two scenarios for the use of IDEIA funds for Coordinated Services.

*Scenario#1:*

A LEA hires one or more Part B/C service coordinators to provide service coordination and case management that provide the linkage of IEPs and IFSPs under multiple agencies. A local interagency council is formed and funded for meetings and clerical support. The local interagency council develops finance strategies, contracts, and agreements to support service

provision. Interagency personnel development is provided for individuals working on coordinated services. Flow-through funds support all of these activities.

*Scenario#2:*

A LEA hires one or more Part B service coordinators to provide service coordination for transition services. A local interagency council is formed and funded for meetings and clerical support. The local interagency council develops finance strategies, contracts, and agreements for the provision of education, health, mental health and social services, including transition services and related services. Interagency personnel development is provided for individuals working on coordinated services. Flow-through funds support all of these activities.

**FUNDING CONDITIONS:**

If an LEA is carrying out a coordinated services project under Title XI of the Elementary and Secondary Education Act of 1965 and a coordinated services project under Part B of the Act in the same schools, the agency shall use amounts in accordance with the requirements of that title.

**Cap in the State School Aid Act**

There is a cap on all of the permissive use of funds options chosen by an LEA found in the State School Aid Act. This includes the three other options described in the 1999 federal regulations at §300.234 – Schoolwide Programs under Title I of the ESEA, §300.244 – Coordinated Service Systems, and §300.245-300.250 - School-based Improvement Plan. These three options have their own funding restrictions. They are not bound by the 50% and 15% caps. Within all five options, an LEA may not exceed a dollar amount which is the cumulative increase in flowthrough allocations (not expenditures) since fiscal year 2002 2003.

**APPLICATION REQUIREMENTS:**

1. Compute the amount of Flowthrough funds available to the LEA for this purpose. (Not more than five percent of the amount the LEA receives under Part B of the Act).
2. Determine the amount of Flowthrough funds to be budgeted for this purpose: \$\_\_\_\_\_
3. List the interagency partners and indicate their support in revenue and/or in-kind contributions:

	<u>Dollar amount</u>	<u>In-kind</u>
Title I of the Rehabilitation Act of 1973 (Vocational Rehabilitation)	\$_____	\$_____

	<u>Dollar amount</u>	<u>In-kind</u>
Title XIX of the Social Security Act (Medicaid)	\$_____	\$_____
Title XVI of the Social Security Act (supplemental security income);	\$_____	\$_____
Other	\$_____	\$_____

4. Complete a Flowthrough Program Design form listing a statement of activities, evaluating and reporting progress on objectives.
5. Complete a Flowthrough Composite Budget Sheet for the LEA.

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 Signature of the Superintendent / Chief Executive Officer

Date

**Application to use IDEIA Flowthrough Funds for Schoolwide Programs under Title I of the ESEA for FY 2005-2006**

Intermediate School District: \_\_\_\_\_

Local School District/Public School Academy: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

The regulations implementing the Individuals with Disabilities Education Act provide that Local Education Agencies (LEAs, meaning local school districts or public school academies) may use funds available through Part B of the Act to carry out a schoolwide program under section 1114 of the Elementary and Secondary Education Act of 1975, except that the amount used in any schoolwide program may not exceed:

<p>The amount received by the LEA under Part B for that fiscal year* <i>divided by</i> The number of children with disabilities in the jurisdiction of the LEA</p>	X	<p>The number of students of students with disabilities participating in the schoolwide program</p>
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\*For budgeting purposes, the amount of federal funds allocated for the fiscal year must be used. For auditing purposes, the amount of federal funds expended will be used.

*Scenario#1:*

A Title I eligible school building operates a schoolwide program of reading instruction. During one instructional period, all the students are grouped by reading ability and sent to a reading class, including all the special education students. During this instructional period, all teachers (including the special education teachers) teach a reading class to both general education and special education students. The FTE's of the special education teachers show them teaching in regular education for this instructional period. The special education teachers are paid with flowthrough funds for this instructional period. This is regular education time for pupil accounting purposes.

*Scenario#2:*

A school district hires a special education teacher (or perhaps a general education teacher) to provide consultative services to all Title I eligible school buildings in the district that operate under Scenario#1. The teacher is paid with flowthrough funds.

**FUNDING CONDITIONS:**

- (1) The funds must be considered as Federal Part B funds for the purposes of the calculations required by §300.230(b) and (c).
- (2) The funds may be used without regard to the requirements of §300.230(a).

**Cap in the State School Aid Act**

There is a cap on all of the permissive use of funds options chosen by an LEA found in the State School Aid Act. This includes the three other options described in the 1999 federal regulations at §300.234 – Schoolwide Programs under Title I of the ESEA, §300.244 – Coordinated Service Systems, and §300.245-300.250 - School-based Improvement Plans. These three options have their own funding restrictions. They are not bound by the 50% and 15% caps. Within all five options, an LEA may not exceed a dollar amount which is the cumulative increase in flowthrough allocations (not expenditures) since fiscal year 2002 2003.

**APPLICATION REQUIREMENTS:**

1. Compute the amount of Flowthrough funds available to the LEA for this purpose by using the formula above.
2. Record amount of Flowthrough funds available for this purpose  
\$ \_\_\_\_\_
3. Complete a Flowthrough Composite Budget Sheet indicating the total amount of Part B funds to be used for this purpose by aggregating the costs from all participating Title I school buildings.
4. Complete one Flowthrough Program Design Form for the LEA, listing a statement of activities and evaluating and reporting progress on objectives.

**ASSURANCES:**

Except as provided under FUNDING CONDITIONS above, all other requirements of Part B must be met by an LEA using Part B funds for Schoolwide programs under Title I of the ESEA, including ensuring that students with disabilities in schoolwide program schools:

- (1) Receive services in accordance with a properly developed IEP; and
- (2) Are afforded all the rights and services to students with disabilities under the IDEA.

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 Signature of the Superintendent / Chief Executive Officer

Date

**Calculation of State Aid Act Cap on All  
Permissive Use of Funds Options Within Part B of the IDEIA  
(Worksheet)**

**SECTION A:**

This calculation must be performed by any recipient of federal funds under Part B of the IDEIA choosing to expend funds under one or more of the Permissive Use of Funds Option.

- 1. Amount of IDEIA flowthrough funds allocated in FY 2005-2006 \_\_\_\_\_
- 2. Amount of IDEIA flowthrough funds allocated in FY 2002-2003 \_\_\_\_\_
- 3. **Amount of increase in IDEIA flowthrough funds allocated in FY 2005-2006 greater than FY 2002-2003** (Subtract Line 2. from Line 1.) \_\_\_\_\_

**SECTION B:**

**Choose either (1) or (2) below, but not both:**

- 1. Amount of IDEIA flowthrough funds allocated in FY 2005-2006 for activities under the Elementary and Secondary Education Act. \_\_\_\_\_  
(Up to 50% of the increase in the amount of IDEIA flowthrough funds allocated in FY 2005-2006 over the amount allocated in FY 2004-2005)

Calculation:

- a. Amount of IDEIA flowthrough funds allocated in FY 2005-2006 \_\_\_\_\_
- b. Amount of IDEIA flowthrough funds allocated in FY 2004-2005 \_\_\_\_\_
- c. Increase in amount of IDEIA flowthrough funds allocated in FY 2005-2006 greater than FY 2004-2005 X .5 = \_\_\_\_\_  
(Subtract Line b. from Line a., multiply the result by .5)

- 2. Amount of IDEIA flowthrough funds allocated in FY 2005-2006 for Early Intervening Services. \_\_\_\_\_  
(Up to 15% of the amount of IDEIA flowthrough funds allocated in FY 2005-2006)

3. Amount of IDEIA flowthrough funds allocated in  
FY 2005-2006 for School-Based Improvement  
Planning. \_\_\_\_\_

4. Amount of IDEIA flowthrough funds allocated in  
FY 2005-2006 for a Coordinated Services System. \_\_\_\_\_

5. Amount of IDEIA flowthrough funds allocated in  
FY 2005-2006 for Schoolwide Programs under  
Title I of the ESEA. \_\_\_\_\_

**Total amount of flowthrough funds allocated in  
FY 2005-2006 under permissive use of funds options.** \_\_\_\_\_

(Add the amounts on Lines 1. or 2., plus Lines 3., 4., and 5.  
This amount may not exceed the amount on line 3., Section A)